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8 **UNITED STATES BANKRUPTCY COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA, DIVISION 5**
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11 In re

12 ALPHA FACTORS, INC., dba Century 21
13 Alpha,

14 Debtor.

Case No. 08-54475 RLE

Chapter 11

NO HEARING REQUIRED

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17 **STATEMENT OF ARRANGEMENTS FOR PROPOSED SPECIAL**
APPELLATE COUNSEL FOR DEBTOR (11 U.S.C. §329)

18 The undersigned proposed attorneys for debtor and debtor in possession Alpha
19 Factors, Inc. dba Century 21 Alpha (the "Debtor") hereby makes its statement as
20 required by section 329 of title 11 of the United States Code.

21 1. The Debtor has agreed to employ Ericksen, Arbuthnot, Kilduff, Day &
22 Lindstrom, Inc. as its special counsel ("Special Counsel").

23 2. Special counsel will not be paid by the Debtor or estate but, rather, by
24 business insurance coverage, so the requested order for employment will pertain only
25 to authorization to act for the Debtor and will exclude entitlement to payment from the
26 estate.

27 3. Special Counsel's services pertain to the defense of the Debtor and other
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1 named defendants in the case entitled VERA DALTON, an individual and WILLIAM
2 CORBIN, an individual, Plaintiffs, vs. CENTURY 21 ALPHA, business form unknown,
3 JOANIE FRANCIS, an individual, RICH ROBINSON, an individual, DIANE RENEE
4 LAMBERT and DOES 1 through 50, inclusive, and related cross-actions, Santa Clara
5 County Superior Court number 1 03 CV011268 (the "Superior Court Action").

6 3. Special Counsel was retained by the California Insurance Guarantee
7 Association ("CIGA") to represent Century 21 Alpha Factors and its agents, Rich
8 Robinson and Joanie Francis, the additional defendants in the Superior Court Action.
9 Special Counsel took over the file from another law firm when Reliance Insurance
10 Company, the issuer of Debtor's coverage, went into liquidation. CIGA is not an
11 insurance company but is a state funded agency that assumes the obligations of certain
12 insurers should they fail. CIGA is funded by a surcharge charged by insurers and is
13 regulated by Insurance Code section 1063 et. seq. The statute limits liability for claims
14 made to \$500,000 regardless of the face limits of the insurance policies. Defense
15 costs, including attorneys' fees, do not reduce the \$500,000 of coverage provided by
16 CIGA to the Debtor or other defendants.

17 4. The partners and associates at Special Counsel charge a combined,
18 blended rate of \$150 per hour for services rendered.

19 I declare that the foregoing is within my personal knowledge and that, if called
20 upon as a witness, I could and would competently testify thereto.

21 I declare under penalty of perjury that the foregoing is true and correct and
22 that this declaration was executed on October 21, 2008, at San Jose, California.

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24 /s/ Steve W. Dollar
Steve W. Dollar
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27 F:\Clients\Alpha Factors\Pleading\Employ Appellate Counsel\Statement of Arrangements.wpd
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